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1 HIGHLY CONFIDENTIAL - G. LaROCCA
2 UNITED STATES BANKRUPTCY COURT
3 SOUTHERN DISTRICT OF NEW YORK

4 -----x

5 In Re:

6 Chapter 11
7 LEHMAN BROTHERS Case No. 08-13555 (JMP)
8 HOLDINGS, INC., et al., (Jointly Administered)
9

10 Debtors.
11
12 * * *HIGHLY CONFIDENTIAL* * *
13 DEPOSITION OF GERARD LaROCCA
14 New York, New York
15 August 19, 2009
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20
21
22
23 Reported by:
24 KATHY S. KLEPFER, RMR, RPR, CRR, CLR
25 JOB NO. 24292

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2 August 19, 2009

3 9:30 a.m.

4

5 HIGHLY CONFIDENTIAL deposition
6 of GERARD LaROCCA, held at Jones
7 Day, LLP, 222 East 41st Street, LLP,
8 New York, New York, before Kathy S.
9 Klepfer, a Registered Professional
10 Reporter, Registered Merit Reporter,
11 Certified Realtime Reporter, Certified
12 Livenote Reporter, and Notary Public
13 of the State of New York.

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[REDACTED]

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Q. Okay.

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A. And said we needed to get on the phone
with the Fed, okay? And Jonathan used words
like if the Fed is going to support this, you
know, if we want the Fed to work with us and to
support this transaction that we want to try to
do, that we're going to have to step into
that -- we're going to have to take the Fed out

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2 of my -- of their financing obligation with
3 Lehman Brothers.

4 I participated in a phone call with
5 the Fed on that Tuesday, and -- and you're going
6 to ask me who it was with, and I don't recall,
7 and after my phone call, the urgency was evident
8 to me and I dropped what I was doing and headed
9 down to the Fed and I met with -- now, I'm not
10 sure if I -- I don't know if I went down on the
11 Tuesday night. I think so, I'm almost, I'm
12 almost positive it was Tuesday night early
13 evening and met with Lucinda Brickler and other
14 colleagues of hers from the Fed.

15 And Lucinda had explained to me that
16 the Fed was financing Lehman Brothers, had
17 provided roughly \$45 billion in financing for
18 Lehman Brothers, and that they were using --
19 that Lehman was using three facilities to
20 finance collateral and the Fed had lent them \$45
21 billion.

22 [REDACTED]

23 [REDACTED]

24 [REDACTED]

25 [REDACTED]

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[REDACTED]

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[REDACTED]

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[REDACTED]

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A.

[REDACTED]

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[REDACTED]

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[REDACTED]

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[REDACTED]

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[REDACTED]

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Q. The cash is how much? 45 billion?

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A. Originally, the -- we moved 5 billion initially, and the securities did not move across quickly, and as a matter of fact, we actually didn't get \$5 billion worth of securities for the first \$5 billion worth of cash that moved across.

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At that point in time, I alerted the

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2 Fed, and I would have called, I'm not sure if it
3 was Lucinda Brickler or Stephanie Heller, that
4 we had agreed a transaction, we were having a
5 great deal of difficulty because JPMorgan was
6 not cooperating, and they had gone onto the --
7 they had gotten -- I was told that they were
8 going to reach out to JPMorgan. I can't tell
9 you what they said.

10 They came back to me, the Fed, and
11 said that JPMorgan wanted to hold the excess
12 collateral in margin for the transactions to
13 satisfy, you know, their potential exposure to
14 Lehman Brothers, and I said that's a
15 non-starter, that's not the transaction that we
16 had agreed on the Wednesday.

17 We had agreed a transaction with the
18 Fed to take the Fed out of the transaction, not
19 for Barclays to satisfy or, you know, JPMorgan's
20 exposures to Lehman Brothers. That was a lively
21 discussion with me and the Fed, and at that
22 point in time, I had escalated to Rich Ricci
23 that JPMorgan was -- I don't know the words I
24 would have used. I don't know that --

25 Q. Something colorful?

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2 A. Something colorful, right? They
3 didn't play nice in the sandbox, okay?

4 And, you know, and several -- now
5 hours have passed, right? And, you know, we
6 haven't done -- we haven't moved much cash and
7 much securities.

8 [REDACTED]

9 [REDACTED]

10 [REDACTED]

11 [REDACTED]

12 [REDACTED]

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16 [REDACTED]

17 [REDACTED]

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20 [REDACTED]

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22 [REDACTED]

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